

# Quality Counts for Kids Task Force

## Overview of Proposed Tiered Reimbursement System

### 1. Rationale for Tiered Reimbursement System

- Wisconsin Shares, the child care subsidy system, should focus on the quality of child care received by low-income children.
- Wisconsin should set child care reimbursement rates so that it “gets what it pays for” in terms of child care quality, by linking reimbursement to the star quality rating system.

*Tiered reimbursement can create “a powerful incentive for child care providers to improve quality”*

*--Governor Jim Doyle*

### Background

The Task Force determined there were two key decisions that required recommendations:

1. **Base:** Where should the base level be for reimbursements for serving low-income children? In other words, at what star quality level should a provider continue to receive payments according to the current policy of maximum reimbursement rates? The base level is the level at which no change occurs in reimbursement approach.
2. **Differential:** To what extent should the reimbursement rates vary for programs at different star-quality levels? In other words, how much of an incentive is required to encourage programs to increase the quality of their care and to reward programs for reaching higher standards?

### Recommendation

The Task Force recommended that the current child care subsidy reimbursement system should be linked to the star-quality level in a Quality Rating System, with reimbursement rates changing as follows:

Star Level in the Quality Rating System	Percent of change in reimbursement rate to be paid
★★★★★	+ 25 %
★★★★	+ 10 %
★★★	No change
★★	- 05 %
★	- 30 %